from SPF continue to be recycled to the Main Producers only as per the decision of the Government in 1997.

Cumulative Losses fo SAIL

1360. SHRI RAMDAS AGARWAL: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether SAIL's cumulative losses between April—December 1998 amounted to Rs. 890 crores, as reported in the Hindustan Times, dated 31st January, 1999;

(b) if so, what are the reasons therefore indicating profit/loss of SAIL during the last three years;

(c) what steps SAIL have taken, so far, to increase production/sale/target fixed including business restructuring during 1998-99 and 1999-2000 as compared to last two years; and

(d) whether voluntary retirement scheme evoked any favorable response by SAIL employees?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI RAMESH BAIS): (a) Yes, Sir.

(b) The Profit/loss (-) of SAIL for the last three years is as under:

(Rs. in crores)

	Profit/Loss(-) (Befoe Tax)
1995-96	1319
1996-97	588
1997-98	149

The main reasons for decline in profits include sluggish demand for steel, greater competition from imports arising due to lower international prices and enhancement in supplies in domestic market resulting in decline in the net realization from sales. Export prices have also declined in the international market.

While the benefits of modernization would materialize in phases, SAIL has to absorb higher capital related cost (interest and depreciation) because of capitalization of modernization/capital schemes, and also for maintaining a higher inventory level.

(c) SAIL has taken the following steps for improving the performance:

* Greater emphasis on cost control measures.
* Introduction of Voluntary Retirement Scheme (VRS) for employees.
* Market oriented production and product-mix.
* Improvement in techno-economic parameters.
* Increasing sales through aggressive and customer oriented marketing.
* Exploring new ways to bridge the resource gaps through business restructuring initiatives.

Industrial Development Bank of India (IDBI) has recommended financial restructuring of Steel Authority of India Limited (SAIL) which primarily envisages relief from Steel Development Fund (SDF) loan/Government of India loan towards writing down of fixed assets to the extent of interest capitalised, writing-off of loans and advances given by SAIL to IISCO, etc. The IDBI have, in their report, inter-alia also concluded that SAIL should consider business solutions as a long term strategy for improving operations and enhancing returns such as rationalization/divestment of idle or non-core assets, divestment from unrelated/non-core operations and of loss making units, etc.

(d) As a part of the manpower rationalisation efforts, SAIL had implemented a Voluntary Retirement Scheme between March and August, 1998 and 5975 employees had availed voluntary retirement under the scheme.